

Smart Contractor, Dumb Contractor

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We can't take credit for the great title and theme of this korero, for that we need to acknowledge Heath Nelson, from Fortescue Metals Group Australia.

Smart contractors win work, dumb contractors don't.

In 2019, we had a contingent of Australians come over to NZ to share some of their learnings around supplier diversity. This was because Australia is way ahead of Aotearoa when it comes to supplier diversity and indigenous procurement. They've had an indigenous procurement target for 6 years, so we have a bit to learn.

One of the learnings shared was the observation of a "Smart Contractor vs Dumb Contractor" which described non-indigenous contractors and their reactions to supplier diversity requirements.

Some contractors saw supplier diversity as a value add to their business and are winning contracts (smart), and others did not see the value and are not winning contracts (dumb).

What's a Smart Contractor vs Dumb Contractor?

Here in Aotearoa, we have worked with over 100 'Buying' organisations (organisations that procure services like government agencies, councils and corporate organisations) and we are starting to see the real life behaviours of those Australian observations.

When there are supplier diversity targets in contracts that state things like:

"5% of the total value of this contract must be awarded to Māori and/or Pasifika businesses"

This can have different responses from non-Māori and non-Pasifika contractors.

A **smart contractor** is a contractor that recognises that if supplier diversity is something that their Client values, it is something that they should value (if they don't already). They will do their homework and go above and beyond to connect and buy from Māori and Pasifika businesses. Although sometimes the stimulus may initially be opportunity driven, they'll lean into the practice and genuinely try to embed supplier diversity across the organisation.

A **dumb contractor** will ignore the supplier diversity target and not take it seriously. They will push back and express how 'unfair' it is and question why they are being forced to use a different subcontractor. They will offer some waffle response about how they have some Māori staff and have been to a Marae. They may make underhanded comments to Māori and Pasifika businesses and only use them as a tick box activity.



How to move from a dumb contractor to a smart contractor?

We have already seen ‘Dumb Contractors’ lose out on contracts because they have not taken social outcomes and supplier diversity seriously. It will become increasingly prevalent as government agencies embed this practice, as Iwi and Māori land trusts expectations rise, and as corporate Aotearoa makes a stand.

Here is how we suggest organisations pivot to be the smart contractor of choice:

Dumb Contractor	Smart Contractor
Believes there are no Māori and Pasifika businesses	Builds relationships with Māori and Pasifika businesses
Thinks there are no large or capable Māori and Pasifika businesses	Connects with Māori and Pasifika businesses and supports capability development if needed
Ignores the need for supplier diversity	Has dedicated resource to support supplier diversity
Thinks all subcontractors should jump through their hoops	Looks for ways to break down barriers in their procurement and onboarding systems
Complains about supplier diversity targets and says things like “that’s not fair”, “that’s reverse racism”	Embeds supplier diversity targets in projects even when there are no targets
Says things like “we’ve always done things this way and that’s never going to change”	Has a diverse supply chain
Doesn’t win contracts	Wins contracts

We’ve been very fortunate to have great insights from our whanaunga over the ditch. Now we need to leapfrog those learnings and ‘be smart’. Now is the time to act.

Don’t be a dumb contractor...



About us

Puna Awarau is a Māori consultancy firm working at the forefront of Indigenous procurement in Aotearoa. With unrivaled expertise in supplier diversity, we are your specialist support. Generating Māori (and Pasifika) socio-economic outcomes within organisations and major projects.

We work with government agencies, local body authorities, Iwi, Māori land trusts, private enterprises and charitable trusts that want to better understand what social value they can create through their spending.

We understand the power of procurement in creating change and believe a more equitable Aotearoa is possible. We offer independent expert advice and support to organisations working towards broader outcomes through social procurement, progressive procurement and/or supplier diversity.

- We are 100% Māori owned
- We are 100% wāhine owned

Puna Awarau founders have whakapapa links to Ngaati Te Ata Waiohua, Te Rarawa, Te Waiariki, Ngāti Tūtae, Ngāi Tuupoto, Ngāti Reinga, Te Hikutu, Te Aupouri, Ngāti Kahu.

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